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FISCAL IMPACT REPORT

SPONSOR Lujan, B. DATE TYPED 02/23/05 HB 8/aHAFC

SHORT TITLE Development Training Programs SB _____

ANALYST Rosen

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$2,000.0		Indeterminate	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB7 and SJM4

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$2,000.0	Indeterminate	Recurring	Development Training Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)
Office of Workforce Training and Development (OWTD)
Public Education Department (PED)

No Responses Received From

Office of the Governor

SUMMARY

Synopsis of HAFC Amendment

House Appropriations and Finance Committee amendment to House Bill 8 reduces the appropriation to \$2,000.0

Synopsis of Original Bill

House Bill 8 appropriates \$20,000.0 from the general fund to the development training fund for expenditure in FY06 and subsequent fiscal years for a development training program providing classrooms and for in-plant training, otherwise known as the job training incentive program (JTIP), to train workers for new or expanding businesses in the state. House Bill 8 contains an emergency clause.

Significant Issues

EDD indicates the development training fund's current cash balance is more than \$23 million as of January 3, 2005, with almost \$13 million in available cash for future awards. JTIP awards do not contain claw-back provisions in the event of awardees' closure or relocation and recent JTIP program changes expanding eligibility for and potential amount of awards may generate increased demand for these funds.

OWTD indicates the JTIP program received \$6 million in funding for FY05 and this \$20 million FY06 appropriation represents a 233% increase in funding for the program. OWTD indicates the executive FY06 budget recommendation for this program is \$2 million.

PERFORMANCE IMPLICATIONS

EDD indicates JTIP assisted in the creation of 1,950 jobs at an annual salary of \$28,246 per year or average wage of \$13.58 per hour in FY04. EDD indicates the average wage of trainees funded through the program has increased by 47% from 1991 to 2005. While EDD reports quarterly on total awards, number of jobs funded and their average wage, there are no agency performance measures tied to the job training incentive program or its funding.

FISCAL IMPLICATIONS

The appropriation of \$20,000.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall not revert to the general fund.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB7, SJM4

OTHER SUBSTANTIVE ISSUES

The bill contains an emergency clause and ensures that any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

JR/lg:yr